



SECRETARY OF THE ARMY
WASHINGTON

JAN 28 2003



MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Army Charge Card Programs

Recent congressional hearings and audits identified abuse of Army charge cards, to include: numerous cases of card misuse and potentially fraudulent activity; travel card delinquency; the failure of commanders and supervisors to take disciplinary action; and inadequate command emphasis and oversight.

The travel and purchase card programs provide substantial savings and internal efficiencies to the Army and are crucial to our mission. However, card misuse and delinquency tarnish our reputation as public stewards and leaders; hinder our efforts to obtain congressional funding; and place these two programs in jeopardy. Failure of leadership to take action is unacceptable.

I am directing a series of corrective actions on the travel and purchase card programs (Enclosures 1 and 2, respectively). The Assistant Secretaries for Financial Management and Comptroller and Acquisition, Logistics and Technology will provide detailed guidance.

I hold you accountable for immediate results.

Thomas E. White

Enclosures

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ARMY TRAVEL CARD PROGRAM CORRECTIVE ACTIONS

The following actions will be taken to resolve travel card misuse and delinquency:

Army Policy Actions: The following Army policies are effective February 1, 2003 and will be used in conjunction with existing DoD travel card policy in the DoD Financial Management Regulation (FMR):

- Commanders/supervisors will ensure the unit Agency Program Coordinator (APC) function is adequately staffed to meet travel card program requirements.
- Unit APCs will review at least ten percent of active accounts each month and report apparent instances of card misuse to the cardholders' commander and supervisor.
- Use of the travel card for Permanent Change of Station (PCS) expenses is prohibited. The travel card will be deactivated upon departure for travelers who do not have a TDY commitment en-route to their new permanent duty station.
- Use of the travel card for en route expenses associated with mission deployments – i.e., from residence to port of debarkation – is not mandatory. For mission deployment to areas where the cardholder will be unable to make payments, use of the card for en route expenses is strongly discouraged.

Army Performance Metrics and Goals:

- Effective with the February 11, 2003 travel card cycle, the Army's primary delinquency measure will be percent of dollars delinquent.
- Army performance metrics and goals will include:
 - Percent of dollars delinquent (goal: not to exceed 4.5 percent).
 - Amount of dollars delinquent.
 - Percent of accounts delinquent (goal: not to exceed 3.0 percent).
 - Number of accounts delinquent.
 - Review by US Army Audit Agency (goal: 100 percent of commands/activities every four years).

Army Senior Leadership Review: Army senior leaders will review monthly performance data on travel card delinquency. Commands/activities that fail to make substantial progress will be asked to report to the Assistant Secretary of the Army (Financial Management and Comptroller) on the corrective actions they will take.

ARMY PURCHASE CARD PROGRAM CORRECTIVE ACTIONS

The following actions will be taken to resolve card misuse and delinquency:

Army Policy Actions: The following Army policies are effective February 1, 2003, and will be used in conjunction with Army Standing Operating Procedures and DOD FMR, VOL 10 (Contract Payment Policy and Procedures), Chapter 10, (Credit Cards).

- Commanders/supervisors will ensure the unit Agency Program Coordinator (APC) function is adequately staffed to meet purchase card program requirements and realign/cancel accounts where Billing Officials are responsible for oversight of no more than seven (7) cardholders.
- Ensure the Billing Official reconciles and certifies card accounts in order to make timely payments.
- Establish Card Controls:
 - Cancel inactive or suspended card accounts no longer needed.
 - Establish spending limits that reflect actual need and available funding.
 - Tailor card accounts to preclude their use at merchants that are inappropriate for the cardholder.
- Support audit and investigative communities engaged in the DOD centralized data mining effort.

Army Performance Metrics and Goals:

- Effective with the January 2003 purchase card cycle, the Army's primary delinquency measure will be percent of dollars delinquent.
- Army performance metrics and goals will include:
 - Percent of dollars delinquent (Goal: All bills will be paid within 30 days of receipt of invoice).
 - Number of cardholders assigned to a Billing Official.
 - Number and dollar amount of transactions.
 - The average file turn time (the number of days from the date of purchase to payment posting at the Bank) for Billing Officials.
 - Percentage of billings official accounts that are Electronic Data Interchange enabled. (Goal: 100% of non-exempt accounts).
 - Percentage of billing official accounts that have been reviewed within the previous six months. (Goal: 100% of billing reviewed annually is the Army requirement).

Army Senior Leadership Review: Army senior leaders will review monthly performance data on purchase card delinquency. Commands/activities that fail to make substantial progress will be asked to report to the Assistant Secretary of the Army (Acquisitions, Logistics, and Technology) on the corrective actions they will take.